

## WARM UP

- 1 List the things you think affect crop and market prices.

## CROP AND MARKET PRICES

## Fluctuating Crops and Market Prices

**The world's supply of oil is finite.** There is a search to develop alternative sources of energy and food crops (especially maize) are being used to produce biofuels, an energy substitute for oil. An estimated 100 million tonnes of grain per year are being redirected from food to fuel use.

The total world grain harvest is 2000 million tonnes of grain per year. This means there is less grain in the world available for food.

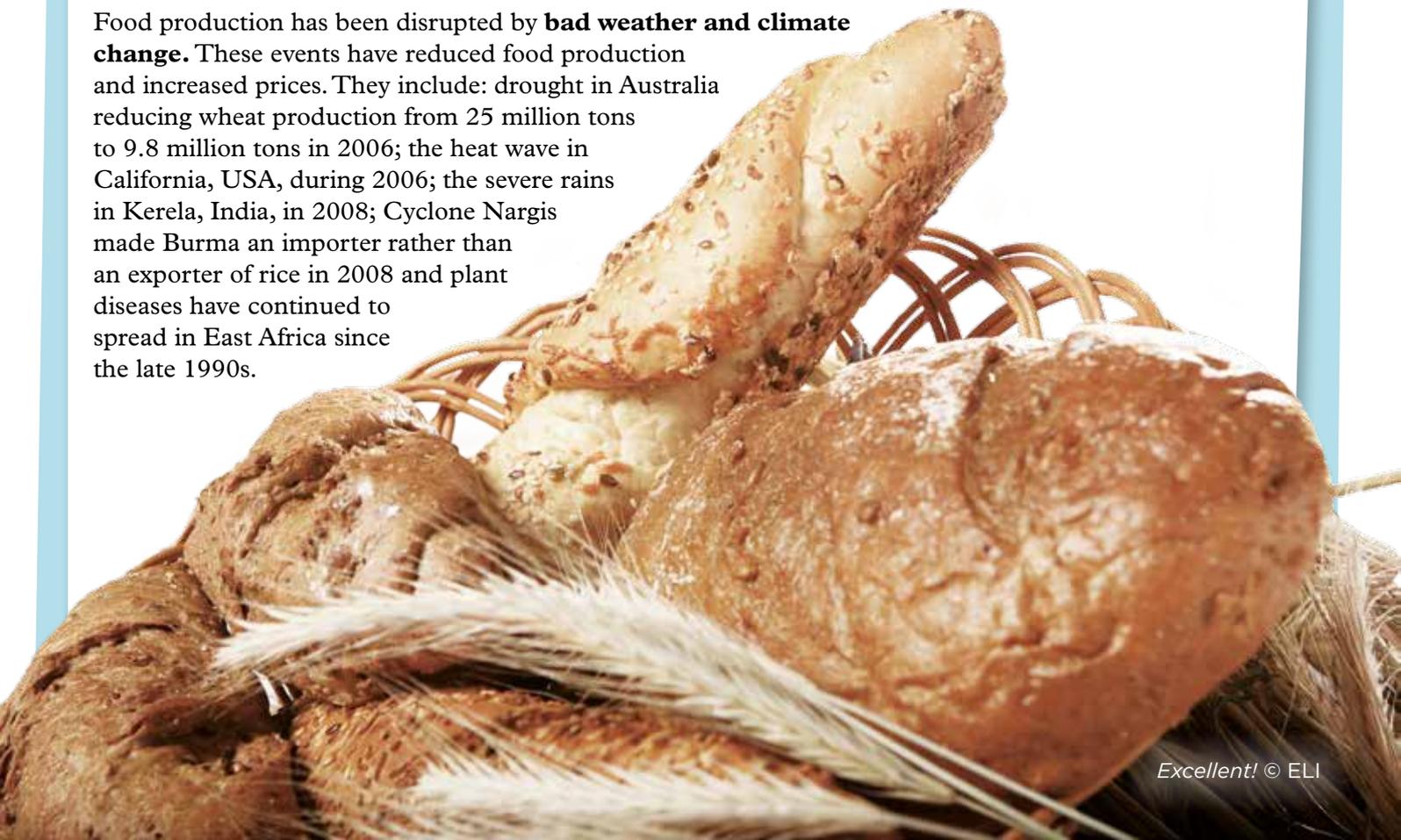
**World population grew** from 1.6 billion in 1900 to 6.6 billion in 2008. At current rates of increase it is expected to reach almost 9 billion by 2042. A rising world population increases the demand and price of food, and increases risk for the poor.

As more people in Asia, especially China and India, have become better off, they have used part of their extra incomes to change their diets. In particular they have begun to eat more meat and poultry instead of vegetables. **More grain is being used as animal feed.**

The **rising price of oil and natural gas** has two effects on the price of food. Firstly oil and gas are used to produce fertilisers. The price of some fertilisers doubled between November 2007 and April 2008. Secondly the rising price of oil used by farm machinery and food transport contributes to higher food prices.

People who have invested money in businesses, property and other financial investments have seen their profits decline because of the credit crunch. Therefore people with money to invest are looking for other investments that will make a good profit. This has led to trillions of dollars being removed from financial investments such as stocks and shares and being invested in foods and raw materials, like metals instead. **Market speculation** of this kind leads to increases in the price of food.

Food production has been disrupted by **bad weather and climate change.** These events have reduced food production and increased prices. They include: drought in Australia reducing wheat production from 25 million tons to 9.8 million tons in 2006; the heat wave in California, USA, during 2006; the severe rains in Kerela, India, in 2008; Cyclone Nargis made Burma an importer rather than an exporter of rice in 2008 and plant diseases have continued to spread in East Africa since the late 1990s.



READING COMPREHENSION

**2** Read about the causes of crop and market price rises and decide if these sentences are true (T) or false (F).

- 1 People are turning to food as alternative sources of energy.
- 2 Biofuels are not made from edible crops.
- 3 There are currently 9 billion people in the world.
- 4 The more people there are the more food prices rise.
- 5 People in Asia are becoming richer and eating more meat.
- 6 Fertilisers have become a cheap alternative to fuel.
- 7 Rising fuel costs make it expensive to transport and cultivate food.
- 8 Global economic crisis has led speculators to invest in food and raw materials.
- 9 A consequence of climate change is more food at lower prices.
- 10 Plant disease is a new phenomenon in East Africa.

T	F
<input type="checkbox"/>	<input type="checkbox"/>

LISTENING

**3**  **FCE** Listen to someone challenging some of these causes of crop and market price fluctuations and choose the correct answers.

- 1 The biofuel needed for an average car uses...
  - A less maize than an African eats in a year.
  - B more maize than an African eats in a year.
  - C the same amount of maize as an African eats in a year.
- 2 Sugar used to produce biofuel in Brazil is a...
  - A bad example of alternative fuel.
  - B good example of alternative fuel.
  - C system of alternative fuel imposed by the USA.
- 3 Between 1961 and 2005, food was produced...
  - A at a faster rate than the population grew.
  - B at a slower rate than the population grew.
  - C at the same rate as the population grew.
- 4 In China and India most people are...
  - A living in cities.
  - B richer.
  - C vegetarian.
- 5 Oil-based fertilisers and transport are used...
  - A equally in developing and developed countries.
  - B mostly in developed countries.
  - C mostly in developing countries.
- 6 Treating food as a financial investment means it becomes...
  - A cheaper for poor people.
  - B more accessible for everybody.
  - C too expensive for poor people.
- 7 The price of food is kept artificially high by...
  - A traders.
  - B governments.
  - C farmers.
- 8 The drought in Australia had severely negative effects on...
  - A Australia's local trading partners.
  - B Australia's domestic market only.
  - C markets all over the world.

WRITING

**4** Work in pairs. You are FAO advisors and you have been asked to draw up a five-point global plan to prevent and control food price spikes. Use the ideas you have read about and listened to, or think of totally new ideas of your own.

FIVE-POINT PLAN TO COMBAT FOOD PRICE SPIKES

SPEAKING

**5** Present your ideas to the class and then decide which of the ideas you heard would be most successful.  
*Our five-point plan to combat food price spikes is...*